JOHLFS financial group

Market Watch

Market Index	Close	Week	Y-T-D
DJIA	33,963.84	-1.89%	+2.46%
NASDAQ	13,211.81	-3.62%	+26.23%
MSCI-EAFE	2,070.88	-1.77%	+6.53%
S&P 500	4,320.06	-2.93%	+12.52%

Today's Topics

Market Outlook

Key Market Levels

What We Are Watching

Upcoming Zoom: Importance of Beneficiary Designations

Ready for Medicare Open Enrollment?

Market Outlook

The S&P 500 fell 2.9% last week, its third consecutive week lower after the Federal Reserve said it doesn't expect as many 2024 rate cuts as previously thought and therefore added to investors' worries over higher rates for longer.

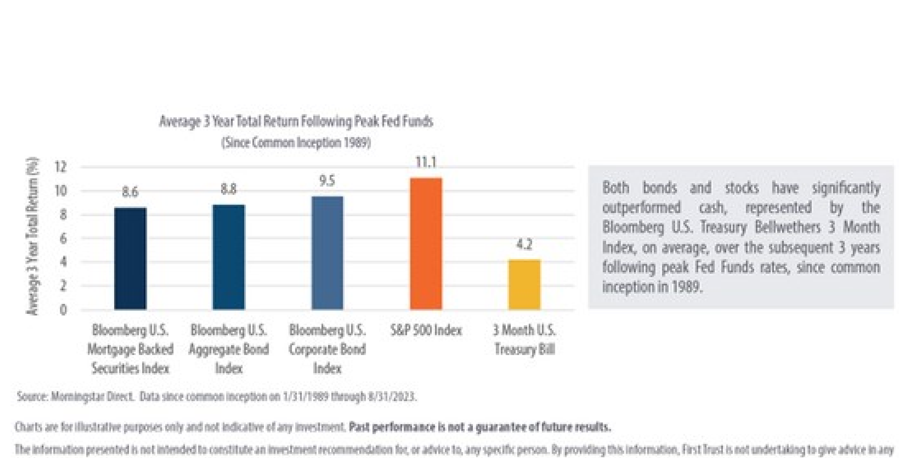
The benchmark is now down -4.2% for the month-to-date, however the S&P 500 is still solidly in positive territory for 2023 with a year-to-date climb of more than 12%.

Despite worries over higher interest rates in the short run, the Fed is still very close to finishing its rate hike campaign that began last year if it isn't already, which in turn has traditionally been a huge catalyst for outsized bond and stock fund returns **(see chart below).** Our partners over at First Trust put together this chart and data showing how stocks and bonds do following a peak in the Federal Funds rate on a forward basis:

HISTORICAL TOTAL RETURNS OF BONDS AND STOCKS FOLLOWING THE FED'S TIGHTENING CYCLES

Bonds have exhibited positive total returns 100% of the time over the 6 Month, 1 Year, 3 Year and 5 Year time periods following each of the last seven Fed tightening cycles.

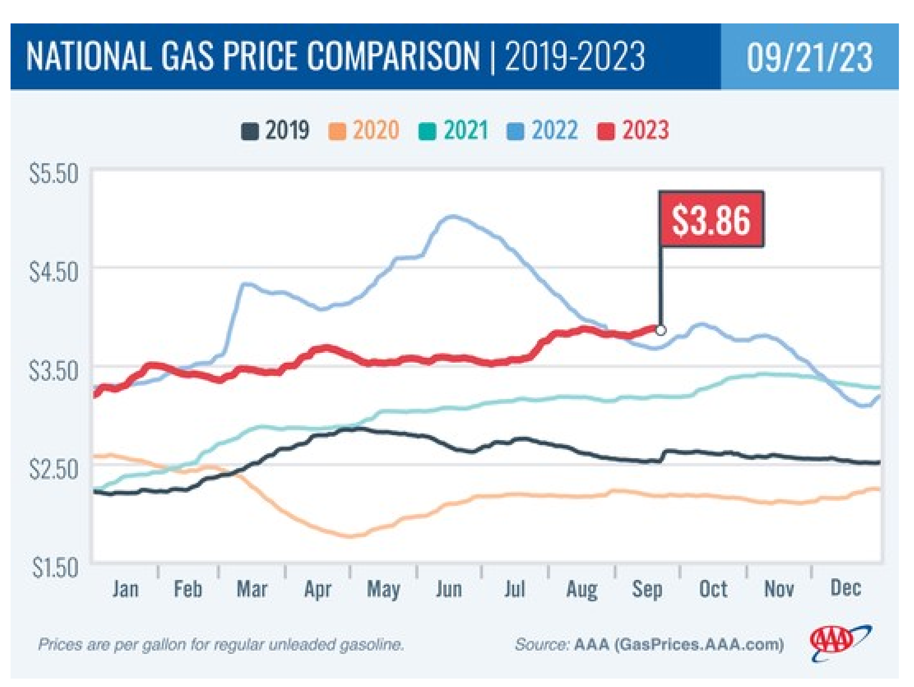
Stocks have only returned positive results 74% of the time with similar returns to bonds on average and with more volatility.



Fed September 20th Meeting Recap:

- There was no interest rate hike, but the committee noted the potential for one more by year end. Many market participants though believe the Fed is likely done with any further hikes in the current cycle.
- The Fed is now projecting fewer rate cuts in 2024. Back in June, they projected the 2024 rate at 4.6%, implying 1 percentage point worth of cuts. They're now expecting just 0.50 percentage points of cuts, taking the 2024 rate to 5.1%.
- Also, the committee's projected 2025 rate climbed to 3.9% from 3.4% previously. This comes as the committee noted inflation remains elevated.

Check in on Gas Prices (Chart Below) –Oil has soared to $90/barrel today, a rise of about 30% since late June. We can thank supply curbs from OPEC+ members Saudi Arabia and Russia, but also brighter outlooks in the two biggest economies, the US and China. From AAA: *"The national average for a gallon of gas hit what may be 2023's peak price of $3.88 earlier this week, only to slide a few cents in the following days. Today's average is $3.86 – a penny more than a week ago."*

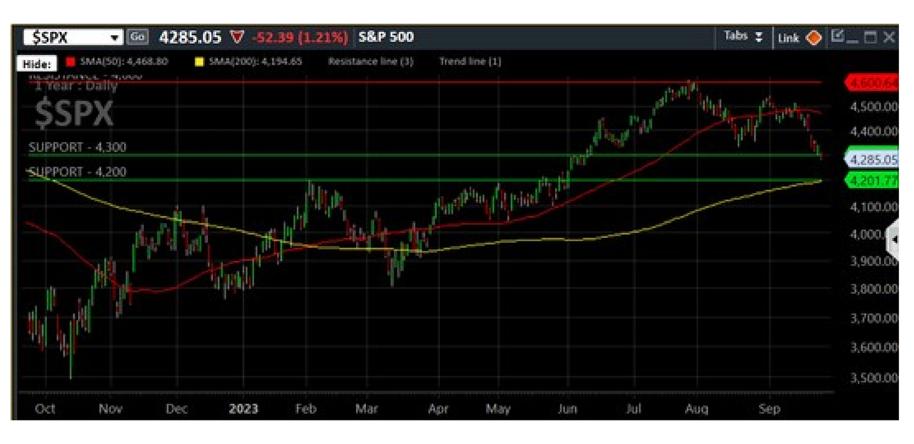


Government Shutdown Likely – Congress is at it again following June's debt-ceiling drama that ended with a last-minute deal to raise the debt ceiling. Now it's the budget that they are failing to come to an agreement on. Here are some notes from LPL on the matter:

- In the present political climate, we feel there is around a 75% chance of a government shutdown happening with the divisions that exist between factions in the House of Representatives, not to mention the divide between Senate Democrats and Republicans.
- We believe it's unlikely an agreement will be reached by the deadline at midnight, September 30.
- **As in past shutdowns, we do not expect the Washington drama to be a market moving event.**

(Source: LPL Financial, 9/26/23)

Market Support



The next level of resistance to watch for the S&P 500 on the upside is at 4,600.

The next levels of support to watch for the S&P 500 on the downside are at around 4,300 and 4,200.

These are key technical levels we look for the market to either hold or push through when look at the potential for future moves. Common support levels can be the 50- and 200-day moving averages as well as other technical levels such as previous market highs or lows.

What We Are Watching

The following economic data is slated to be released this week:

Monday: --

Tuesday: New Home Sales (Aug.), S&P Case-Shiller Home Price index (Jul.), Consumer Confidence (Sept.)

Wednesday: Durable-goods Orders (Aug.)

Thursday: Weekly Initial Jobless, Q2 GDP (revision)

Friday: PCE Inflation Report (Aug.), Consumer Spending and Personal Income (Aug.)

Upcoming Zoom Event

The Importance of Beneficiary Designations

With so much going on in our busy lives, it can be difficult to take care of financial "housekeeping" chores, even though we realize their importance. An urgent task we encourage you to address promptly is to make sure your beneficiary designations are current for all your investments, insurance, and financial-related accounts. We can make this process quick and easy for you.

Following are some reasons we stress the importance of reviewing designations and that we will review together during this webinar:

- If your beneficiary information is not current, in the event of your untimely passing your assets could be distributed to an unintended heir. This may be true even if you have an up-to-date will, as beneficiary designations often supersede all other legal documents.
- Having proper designations in place may extend tax-related benefits and reduce the tax burden for your beneficiaries.
- Taking time to update and verify your designations will ensure that your wishes are met, and will prevent your beneficiaries from bearing added stress due to legal complications.

Date: Thursday, September 28th

Time: 5:00pm MT

Location: Zoom

Host: Craig Johlfs, CFP®

Click Here to RSVP

Open Enrollment Starts October 15th

Medicare's annual open enrollment period begins October 15 and ends December 7. During this time, current Medicare beneficiaries have the option to adjust their coverage for the coming year. Any changes to your plan will go into effect on January 1, 2024.[1]

This is an opportunity to reassess your current coverage and identify potential areas for improvement. Maybe you've recently changed medication, find yourself underutilizing coverage, or need additional benefits.

Before open enrollment begins, you'll receive a report outlining your current coverage. Review your elections carefully, especially if you haven't updated coverage in the last few years. Medicare offers a Plan Finder tool to help compare other offerings if you're considering making a switch.

1. Medicare.gov, 2023

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